



SEC

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ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III

## SEC FILE NUMBER

8- 67380

## FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/2009 AND ENDING 12/31/2009  
MM/DD/YY MM/DD/YY

## A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Poten Capital Services, LLC

## OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

## FIRM I.D. NO.

805 Third Avenue

(No. and Street)

New YorkNY10022

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Stanislav Evtimov(212) 230-5461

(Area Code - Telephone Number)

## B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

PricewaterhouseCoopers LLP

(Name - if individual, state last, first, middle name)

300 Madison AvenueNew YorkNY10017

(Address)

(City)

(Zip Code)

## CHECK ONE:

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

SEC Mail  
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Section

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Washington, DC  
106

## FOR OFFICIAL USE ONLY

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

## OATH OR AFFIRMATION

I, Stefanie Kyles, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Poten Capital Services, LLC, as of December 31, 20 09, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_

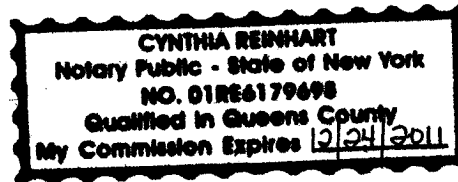
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*Stefanie Kyles*  
Signature

President, Poten Capital Services, LLC  
Title

*Cynthia Reinhart*  
Notary Public



This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

**Poten Capital Services, LLC**  
(a Limited Liability Company)  
**Statement of Financial Condition**  
**December 31, 2009**

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**Assets**

Cash	\$ 553,955
Prepaid expenses	252
Fixed assets, net	<u>10,810</u>
Total assets	<u>\$ 565,017</u>

**Liabilities and Member's Equity**

Accounts payable and accrued expenses	\$ 119,697
Due to an affiliate	48,732
Deferred compensation	<u>20,000</u>
Total liabilities	<u>188,429</u>

Commitments and contingencies (Note 5)

Member's Equity	<u>376,588</u>
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Total liabilities and member's equity	<u>\$ 565,017</u>
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The accompanying notes are an integral part of this statement of financial condition.

**Poten Capital Services, LLC**  
(a Limited Liability Company)  
**Notes to Statement of Financial Condition**  
**December 31, 2009**

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**1. Organization and Business**

Poten Capital Services, LLC (the "Company") was organized as a limited liability company under the laws of the State of Delaware on September 20, 2002. The Company's sole member is Poten & Partners Group, Inc. (the "Member").

The Company is a registered broker-dealer under the Securities Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority ("FINRA"). The Company was approved as a broker-dealer on January 3, 2007. The Company does not carry securities accounts for customers or perform custodial functions relating to customer securities and, accordingly, is exempt from the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934 pursuant to paragraph (k)(2)(i) of that rule.

The Company's principal business activities include underwriting, private placement of securities, providing merger and acquisition advisory services and acting as a finder, for which the Company may receive compensation, or introducing clients to broker-dealers, financial institutions or investment advisors (or vice-versa), for which the Company may receive a fee.

Poten & Partners, Group Inc., has committed to providing the Company with continued financial support, as necessary, to enable the Company to meet its working capital needs through at least January 2011.

**2. Summary of Significant Accounting Policies**

**Revenue Recognition**

Revenues from providing merger-and-acquisition advisory services, acting as a finder and other services are recognized as earned, which is generally at completion and when income is determinable and fixed.

**Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Concentrations of Risk and Significant Customers**

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash. The Company's cash is held with two banks. Balances held with banks, at times, exceed insured limits.

**Fixed Assets**

Fixed assets are recorded at cost and are depreciated using the straight-line method over their estimated useful lives (Note 3). Maintenance and repairs are charged to expense as incurred. At the time such assets are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss is credited or charged to operations.

**Poten Capital Services, LLC**  
(a Limited Liability Company)  
**Notes to Statement of Financial Condition**  
**December 31, 2009**

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**Income Taxes**

The Company is a single member Limited Liability Company for purposes of filing federal, state and local income tax returns. The Company is responsible for New York City unincorporated business tax and other business taxes, as incurred. However, since the Company has only one Member, generally accepted accounting principles in the United States of America require the Company to provide for income taxes in its financial statements on a separate-return basis. The Member is an S Corporation and, as a result, is not responsible for federal income taxes; such taxes are the responsibility of the Member's shareholders. The Member is responsible for certain state and local income taxes in jurisdictions which do not recognize S Corporation status. Accordingly, the benefit for income taxes in the accompanying financial statements has been computed on this basis.

Deferred taxes are recognized for the tax effects of differences between the financial reporting and the tax bases of assets and liabilities at enacted tax rates in effect for the years in which the differences are expected to reverse. A valuation allowance is provided on deferred tax assets when it is more likely than not that some portion or all of the deferred tax assets will not be realized. At December 31, 2009, the deferred tax asset of \$85,879, computed on the basis described above, relates principally to the net operating loss generated in 2009. Such resulting deferred tax asset, net of current taxes, was recorded as a distribution to the Member as it will be utilized by the Member in its consolidated income tax return.

Effective January 1, 2009, the Company adopted the provisions of the standard on accounting for uncertainty in income taxes. This standard prescribes a recognition threshold and a related measurement model. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by the taxing authorities. Accrued interest and penalties related to any unrecognized tax benefits will be classified as part of the income tax provision. The adoption did not have a material effect on the Company's financial statements and management does not expect the change to have a significant impact on its results of operations or financial position during the next twelve months.

**3. Fixed Assets**

Fixed assets at December 31, 2009 are as follows:

		<b>Estimated Useful Life</b>
Furniture and fixtures	\$ 10,056	10 years
Computer equipment	6,856	5 years
	<u>16,912</u>	
Less: Accumulated depreciation	<u>(6,102)</u>	
Fixed assets, net	<u>\$ 10,810</u>	

**4. Related-Party Transactions**

In the normal course of business the management of Poten & Partners, Inc., an affiliated entity through ultimate common ownership, assists with the development of the Company's business strategies and operations. Poten & Partners, Inc. also provides office space and related services to the Company. Such expenses are allocated based on the Master Service Agreement dated April 6, 2009 between Poten & Partners, Inc. and the Company. Allocated expenses for the year

**Poten Capital Services, LLC**  
(a Limited Liability Company)  
**Notes to Statement of Financial Condition**  
**December 31, 2009**

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ended December 31, 2009 amounted to approximately \$236,000. Related amounts owed to Poten & Partners, Inc. have been classified as due to an affiliate in the accompanying statement of financial condition at December 31, 2009.

Poten & Partners, Inc. pays for certain expenses such as business travel, employee benefits, communication expenses and client reimbursable expenses on the Company's behalf. Business travel, employee benefits and communication expenses for the year ended December 31, 2009 amounted to approximately \$126,000. Related amounts owed to Poten & Partners, Inc. have been classified as due to an affiliate in the accompanying statement of financial condition at December 31, 2009.

During the year ended December 31, 2009, employees of the Company became eligible to participate in the Poten & Partners Group, Inc. Stock Unit Plan ("SUP"). A portion of the incentive compensation earned by employees of the Company is set aside as deferred compensation under the Stock Unit Plan. Such deferred compensation amounted to \$20,000 at December 31, 2009 and it's expected that such amount will be distributed to employees in the form of stock units under the SUP during the year ending December 31, 2010.

**5. Commitments and Contingencies**

From time to time, the Company is involved in various claims and litigation arising in the ordinary course of business. In the opinion of management, the ultimate outcome of such matters will not have a material adverse effect on the Company's financial position, results of operations or cash flows.

**6. Net Capital Requirements**

As a registered broker-dealer and a member of FINRA, the Company is subject to the Securities and Exchange Commission's Uniform Net Capital Rule 15c3-1 which requires that the Company maintain minimum net capital, as defined, of 6.2/3% of aggregated indebtedness or \$50,000 whichever is greater for the year ended December 31, 2009. As of December 31, 2009, the Company had net capital of \$365,526 which exceeded the regulatory requirement by \$315,526.

**7. Subsequent events**

The Company's management has evaluated all activity of the Company through February 25, 2010 (the issue date of the financial statements) and concluded that subsequent events are properly reflected in the accompanying financial statements and notes thereto as required by standards for accounting and disclosure of subsequent events.

# **Poten Capital Services, LLC**

**(a Limited Liability Company)**

**Statement of Financial Condition**

**Pursuant to Rule 17a-5 under the**

**Securities Exchange Act of 1934**

**December 31, 2009**

**Poten Capital Services, LLC**  
(a Limited Liability Company)  
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**December 31, 2009**

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**PricewaterhouseCoopers LLP**  
PricewaterhouseCoopers Center  
300 Madison Avenue  
New York NY 10017  
Telephone (646) 471 3000  
Facsimile (813) 286 6000

**Report of Independent Auditors**

To the Member of  
Poten Capital Services, LLC:

In our opinion, the accompanying statement of financial condition present fairly, in all material respects, the financial position of Poten Capital Services, LLC (the "Company") at December 31, 2009, in conformity with accounting principles generally accepted in the United States of America. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit of this statement in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition, assessing the accounting principles used and significant estimates made by management, and evaluating the overall statement of financial condition presentation. We believe that our audit of the statement of financial condition provides a reasonable basis for our opinion.

*PricewaterhouseCoopers LLP*

February 25, 2010

# **Poten Capital Services, LLC**

**Report to Management  
December 31, 2009**

**PricewaterhouseCoopers LLP**  
PricewaterhouseCoopers Center  
300 Madison Avenue  
New York NY 10017  
Telephone (646) 471 3000  
Facsimile (813) 286 6000

February 25, 2010

To the Member of Poten Capital Services, LLC:

In planning and performing our audit of the financial statements of Poten Capital Services, LLC (the "Company") as of and for the year ended December 31, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (the "SEC"), we have made a study of the practices and procedures followed by the Company. This study included tests of compliance with such practices and procedures, that we considered relevant to the objectives stated in Rule 17a-5(g), in making the following:

1. The periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11); and
2. Determining compliance with the exemptive provisions of Rule 15c3-3.

Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13; and
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph, if applicable. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first, second, and third paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2009 to meet the SEC's objectives.

This report is intended solely for the information and use of management, the SEC, Financial Industry Regulatory Authority, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



cc: Mr. Steven Morley, Treasurer and Chief Financial Officer, Poten & Partners Group Inc.  
Ms. Stefanie Kyles, President, Poten Capital Services, LLC  
Mr. Stanislav Evtimov, Chief Financial Officer, Poten Capital Services, LLC